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1700 MAIN STREET
SANTA MONICA, CA. 90406

SECRET

May 25, 1983

[Redacted]

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TO: Participants in June 14, 1983 Rand
Conference

FROM:

[Redacted]

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The paper on "The Costs of the Soviet
Empire," which is referred to in the
second paragraph of my memo of May 16,
is attached.

[Redacted]

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CW:js

Enclosures

If enclosures are withdrawn or not attached the
classification of this correspondence will be
cancelled.

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SECRET**Rand**

SANTA MONICA, CA. 90406

May 16, 1983

TO: Participants in June 14, 1983 Conference (see list).

FROM:

In accord with our telephone conversation, I am writing to confirm my invitation to you to attend a small conference on the Costs of the Soviet Empire, on Tuesday, June 14, 1983. Rand is organizing this conference as part of our on-going research activities for the Office of Net Assessment in the Department of Defense. The meeting will be held at Rand's Washington office, 2100 M Street N.W., Washington, D.C. 20037, telephone (202)-296-5000, starting promptly at 9:00 a.m. The meeting will be unclassified and will conclude at 3:30 p.m., after which we will have a classified discussion at the Secret level until approximately 5:00 or 5:30 p.m. for those participants with the requisite clearance. Continental breakfast will be provided for early arrivals, and lunch will be served at around 12:30 p.m.

As I discussed on the phone, the conference will be concerned with a draft Rand study entitled "The Costs of the Soviet Empire," which I will be sending to you within the next two weeks. This study develops a framework for estimating the various economic costs incurred by the Soviet Union in acquiring, maintaining, and expanding its empire. The component costs (trade subsidies, trade credits, economic aid, military aid, military operations, and covert operations and related activities) have been collected from various sources. The costs are estimated for the period from 1971 to 1980, and aggregated and scaled in relation to Soviet GNP and Soviet defense expenditures over the decade.

The discussion at the June 14 conference will focus on the individual cost components, gaps and uncertainties in the estimates, and how they might be remedied. It will also address the implications of the aggregate estimates we have derived with respect to such further questions as the following:

1. Are the cost estimates relatively large or small?
2. How much of a drag do they impose on the Soviet economy?
3. What benefits does the Soviet leadership derive from, or attribute to, these costs and the empire they sustain?
4. What are the likely prospects for these costs to rise or fall

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during the rest of the decade?

5. How might these costs be raised (by means other than simply further growth of the empire)?

I will be sending you a more precise agenda during the next few weeks.

I look forward to seeing you on June 14.

Sincerely,

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List:

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